

Housing Chapter Task Force

Saint Paul Comprehensive Plan 2008

9th meeting

June 20, 2007

Agenda

- Introductions - Jim Bellus, chair
- Overview of Subsidies
 - Gary Peltier, PED
- Discussion on Alternative Housing Platforms
 - Luis Pereira and Yang Zhang, PED
- Discussion on **Housing Policies**
 - Jim Bellus & PED staff

Types and Hierarchy of City/HRA Housing Subsidies

- *Bonds*
- *Tax credits*
- *Tax increment*
- *Land sale*
- *Direct funds*
 - a. Loans*
 - b. Grants*

Alternative Housing Activity Platforms

2009 - 2018

Assumptions:

- The number of units assumed to be produced, rehabilitated, and/or preserved do not directly relate to the Met. Council's household projections.
(7,000 new households in 10 years)
- Assume 10% is affordable to households at 30% of AMI and 10% affordable to households at 50% of AMI. Another portion of total units are assumed to be affordable to people between 50 and 60% of AMI.
- The platforms below involve **only the City of Saint Paul portion** of subsidy to each housing activity.

Alternative Housing Activity Platforms

2009 - 2018

- The per-unit cost of each housing activity is based on the figures from the 2002-2005 period. Housing costs are **not** adjusted for inflationary increases over time.
- City/HRA subsidy during Housing 5000 is defined as the sum of Direct Subsidy, Land Write Down, and TIF.
- We used **\$11 million** as the annual future housing budget (excludes TIF, Tax Credits, and Bonds). The platforms are **not** projections of the budget, and are for comparative purposes only.

2002 – 2005 Housing Activities

During Housing 5000 Period

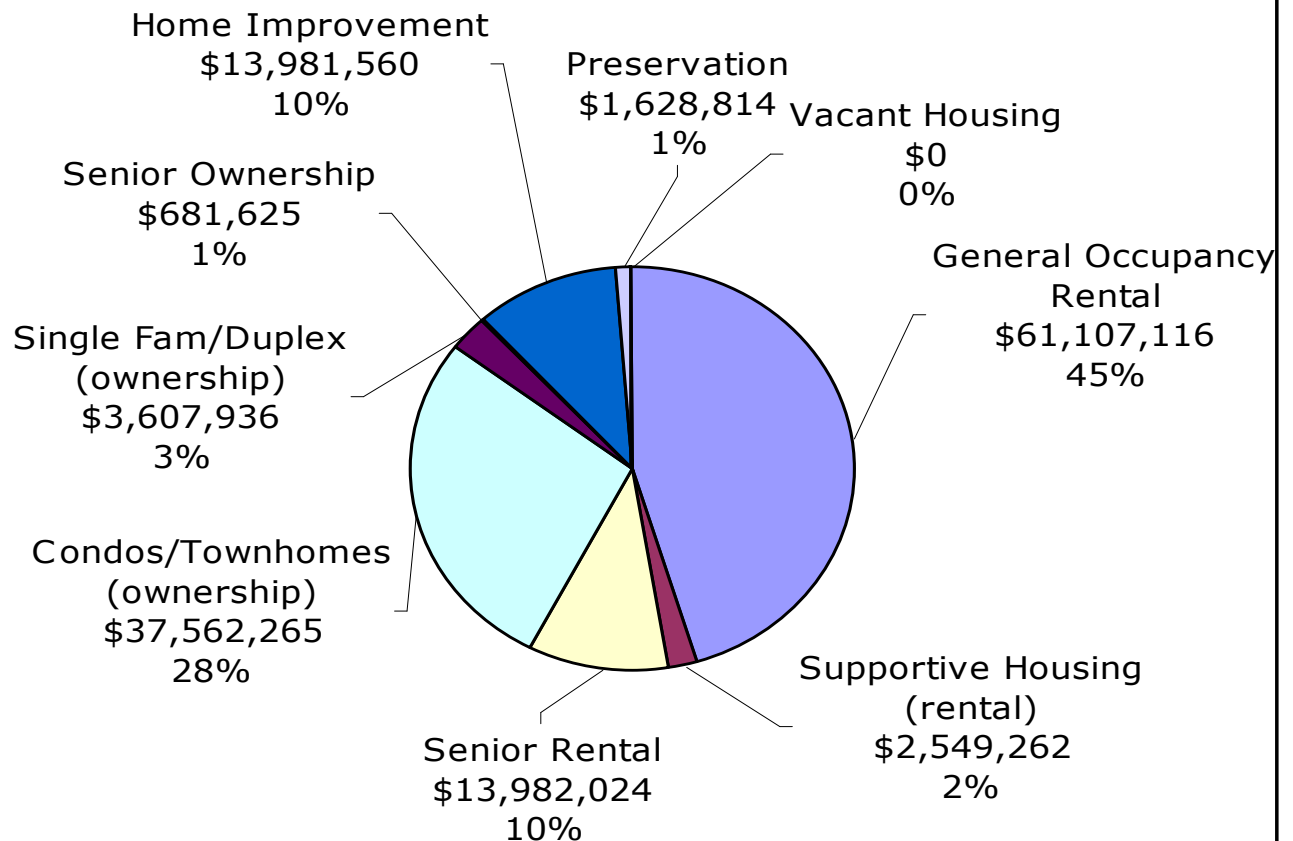
88% of housing budget to NC; 12% of housing budget to existing housing stock activities (rehab & preservation)

City/HRA Subsidy by Housing Activity, 2002-2005

New Construction:
\$119.49 million (88% of budget)

Existing Housing Stock:
\$15.6 million (12% of budget)

Total City/HRA Budget:
\$135 million



2002 – 2005 Housing Activities

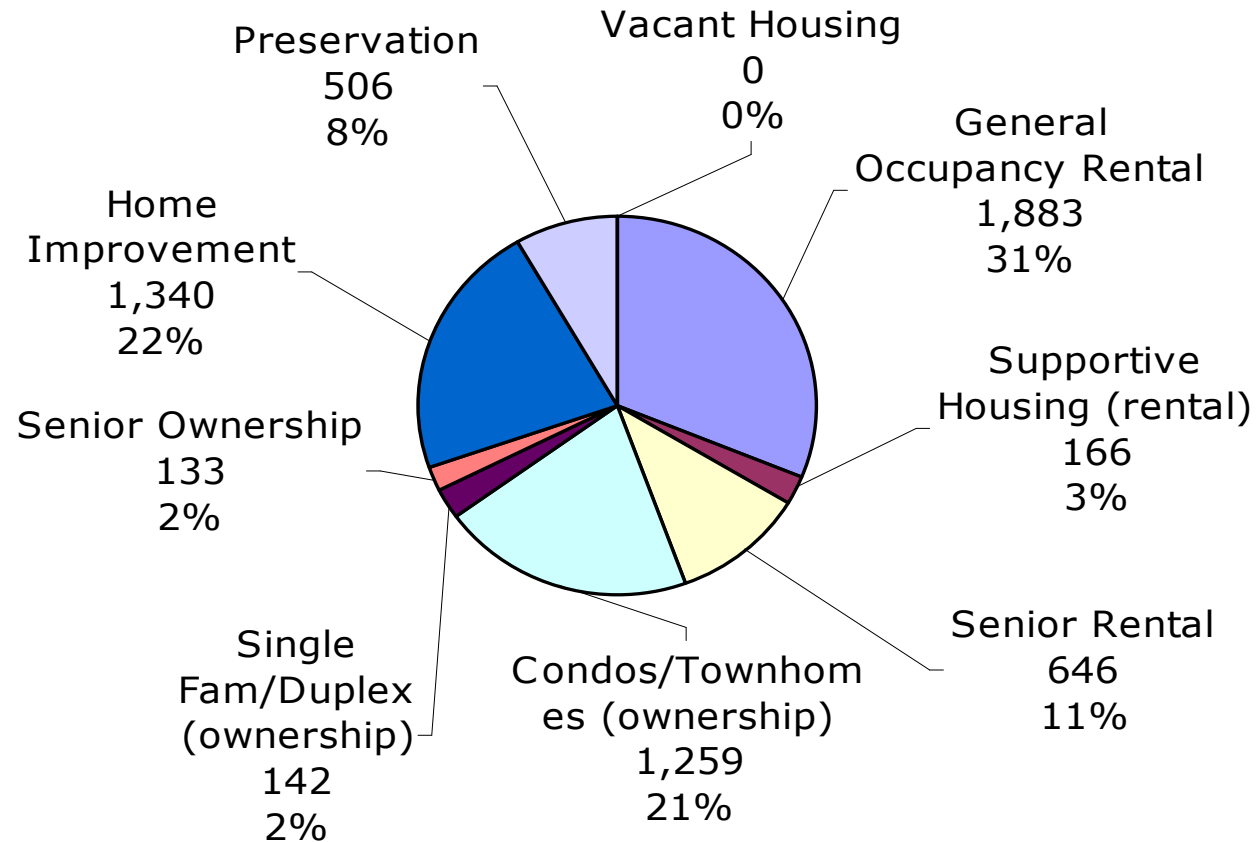
During Housing 5000 Period

Units by Housing Activity, 2002-2005

New Construction:
4,229 (70% of units)

Existing Housing Stock: 1,846
(30% of units)

Total Units:
6,075



Alternative Housing Activity Platform 1. **New Construction Rental / Senior Rental emphases**

-- 40% of this housing budget is dedicated to General Occupancy Rental, and 20% is dedicated to Senior Rental. The remaining portion of the budget is distributed among the other housing activities in the same proportions as during 2002-2005.

Platform 1: Subsidy

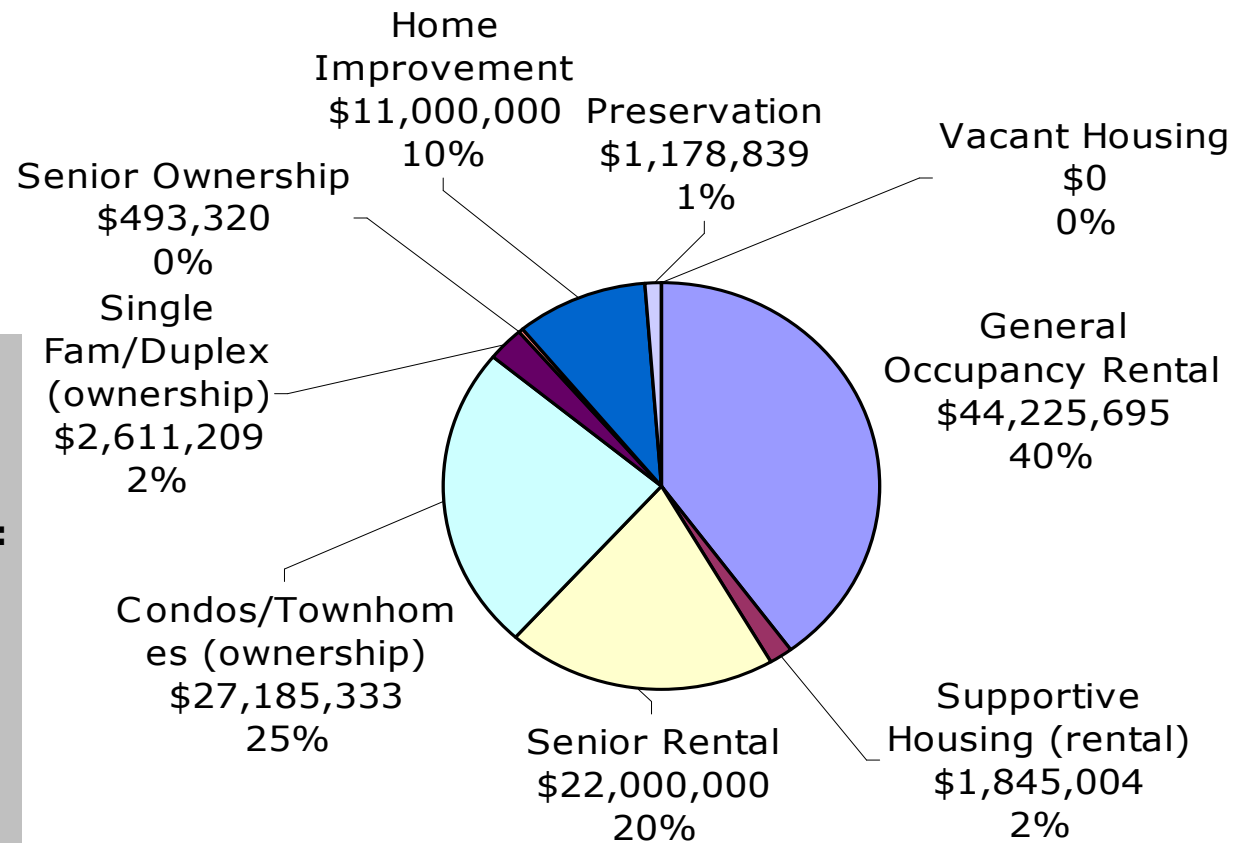
New Construction Rental / Senior Rental emphases

City/HRA Subsidy by Housing Activity, Platform 1

New Construction:
\$97.8 million (89% of budget)

Existing Housing Stock:
\$12.2 million (11% of budget)

Total City/HRA Budget:
\$110 million



Platform 1. - Units

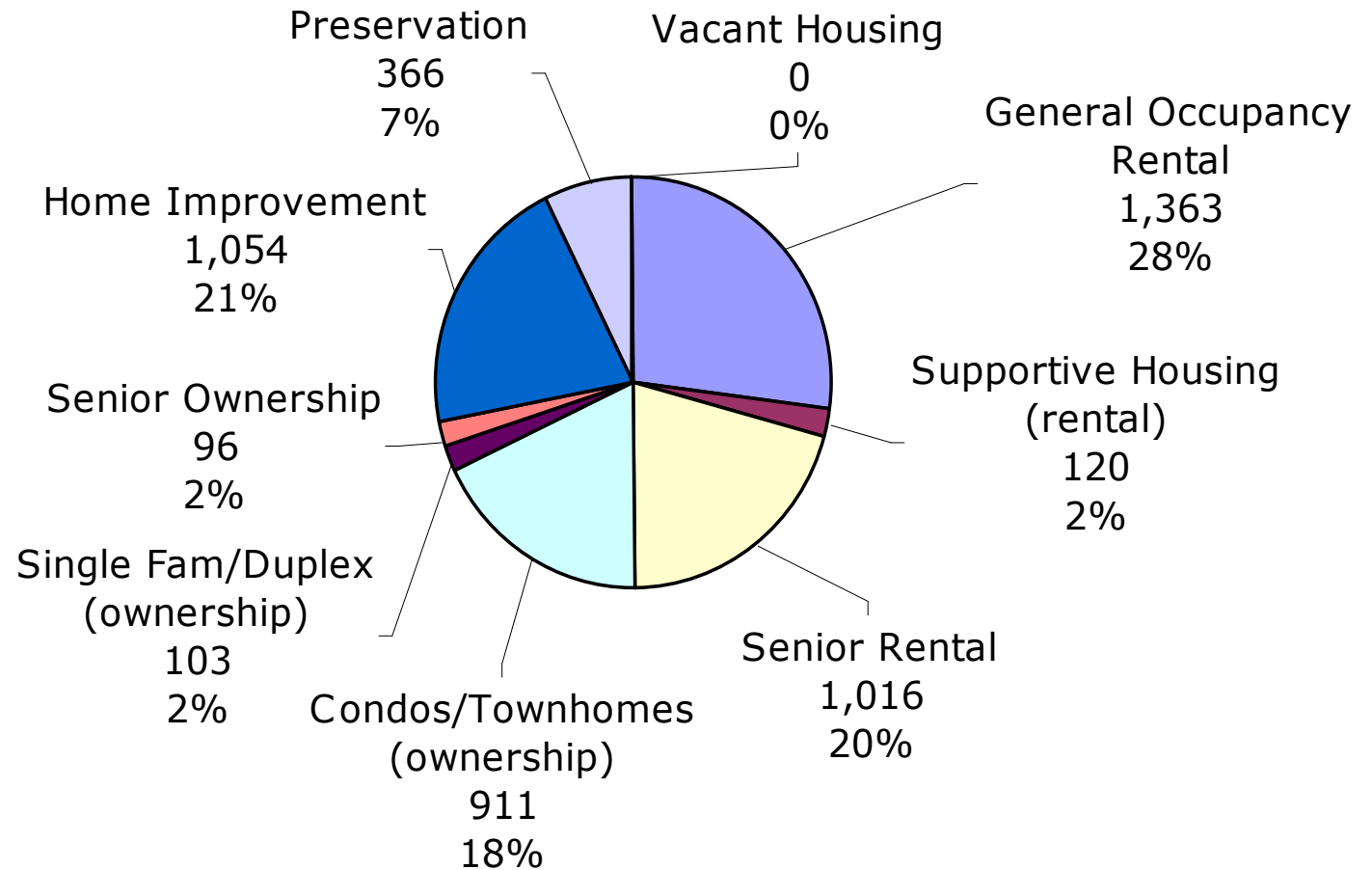
New Construction Rental / Senior Rental emphases

Units by Housing Activity, Platform 1

**New
Construction:
3,610 (72% of
units)**

**Existing Housing
Stock: 1,420
(28% of units)**

**Total Units:
5,030**



Alternative Housing Activity Platform 2.

Home Improvement, Vacant Housing, and New Construction
Single Family/Duplex (ownership) emphases

-- *40% of this housing budget is dedicated to Home Improvement, 15% is dedicated to infill new Single Family/Duplex structures (ownership), and 15% is dedicated to "Vacant Housing" activities (activities akin to those of Invest-St. Paul). The remaining portion of the budget is distributed among the other housing activities in the same proportions as during 2002-2005. This platform simulates **Invest-St. Paul**.*

Platform 2.- subsidy

Home Improvement, Vacant Housing, and New Construction

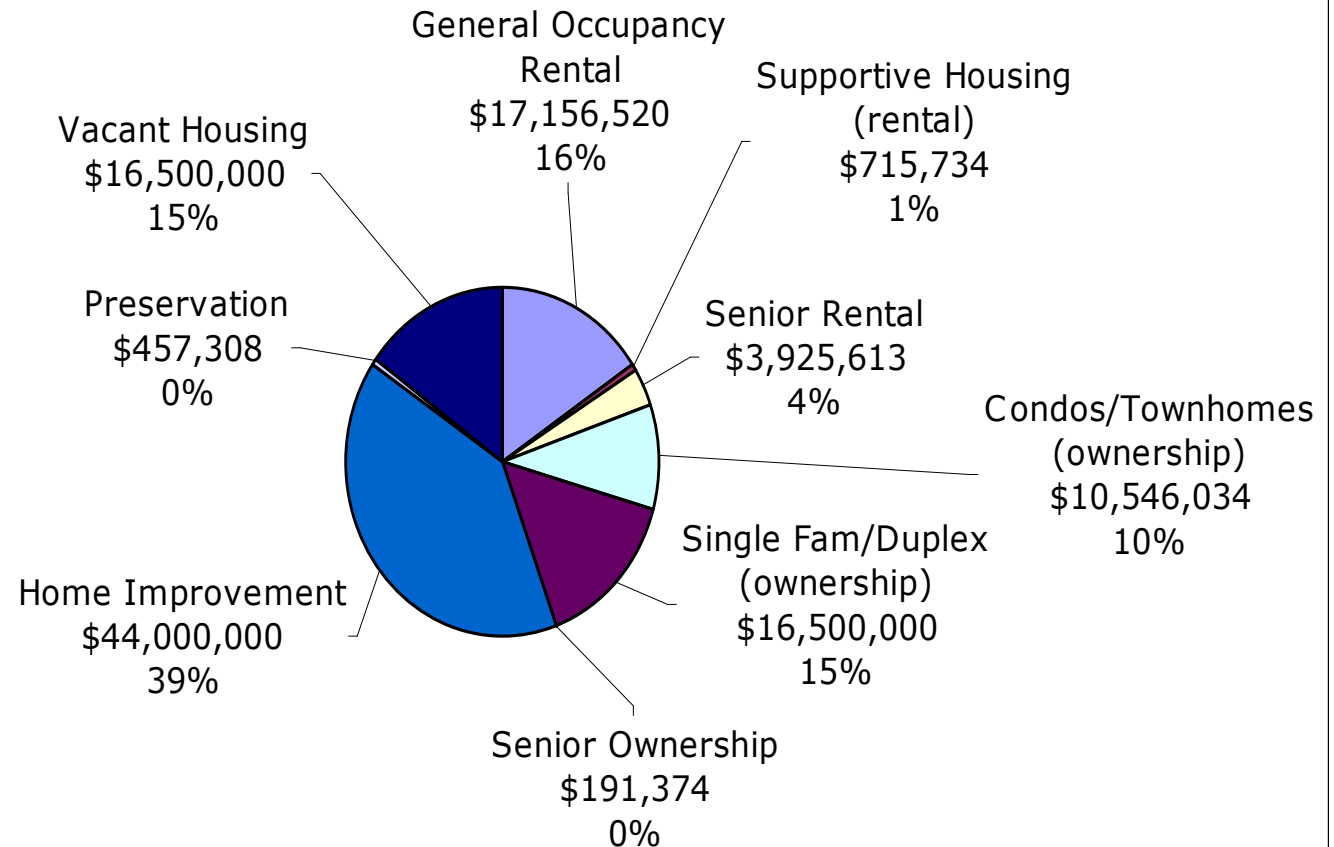
Single Family/Duplex (ownership) emphases

City/HRA Subsidy by Housing Activity, Platform 2

New Construction: \$49 million (45% of budget)

Existing Housing Stock: \$61 million (55% of budget)

Total City/HRA Budget: \$110 million

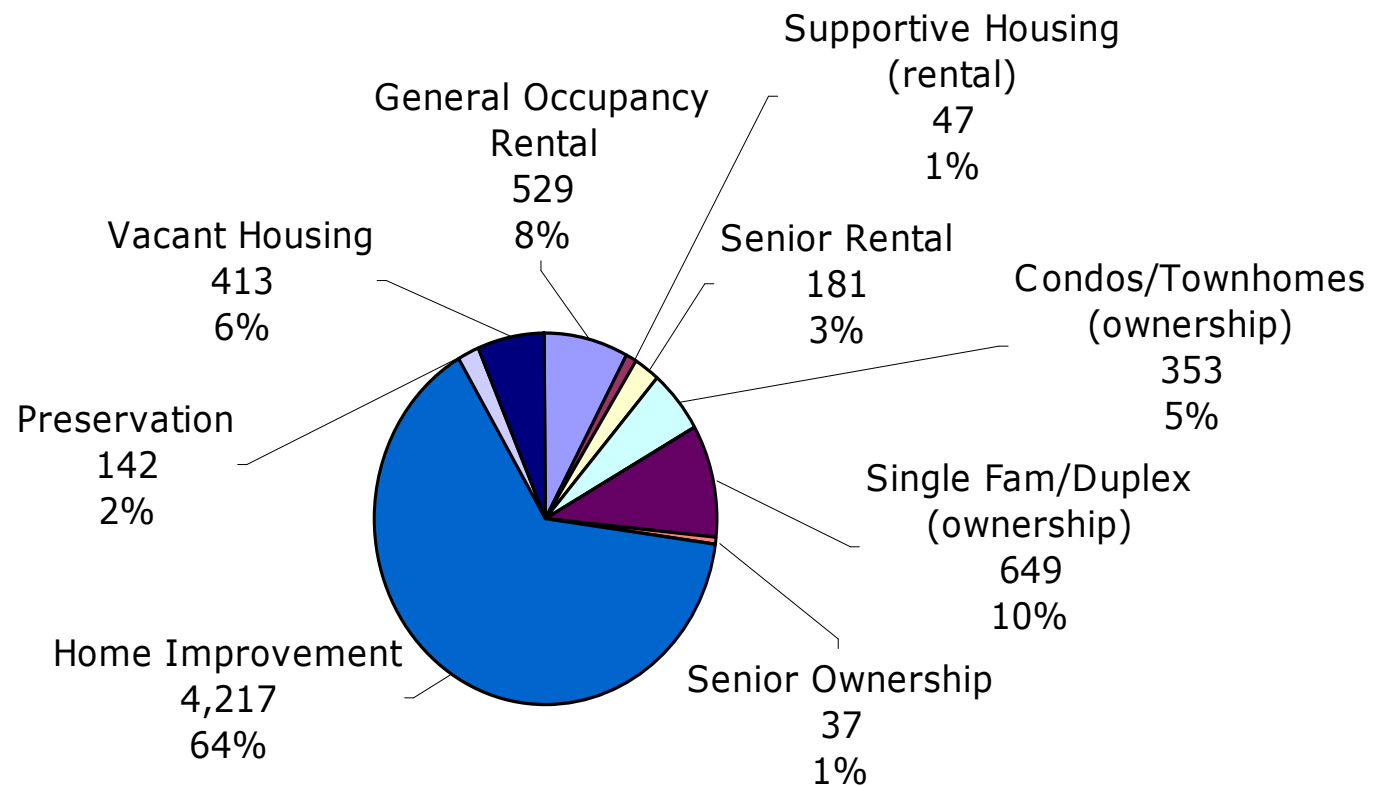


Platform 2. - units

Home Improvement, Vacant Housing, and New Construction Single Family/Duplex (ownership)

emphases

Units by Housing Activity, Platform 2



New Construction:
1,796 (27% of units)

Existing Housing Stock: 4,772
(73% of units)

Total Units:
6,568

Alternative Housing Activity Platform 3.

Public Housing, Preservation of Low Income Rental Housing, & Permanent Supportive Housing

-- 15% of this housing budget is dedicated to Low Income Housing Tax Credit Housing, 15% to Public Housing, and 15% to Permanent Supportive Housing. The remaining portion of the budget is distributed among the other housing activities in the same proportions as during 2002-2005.

***Note:** The Public Housing cost is based on a \$574/unit-month total cost per public housing unit (including modernization). The number is multiplied by 12 months, and then by 10 years to produce a per-unit cost over the period of the Housing Plan. It is assumed here that the City pays 25% of this total cost to preserve an existing public housing unit.*

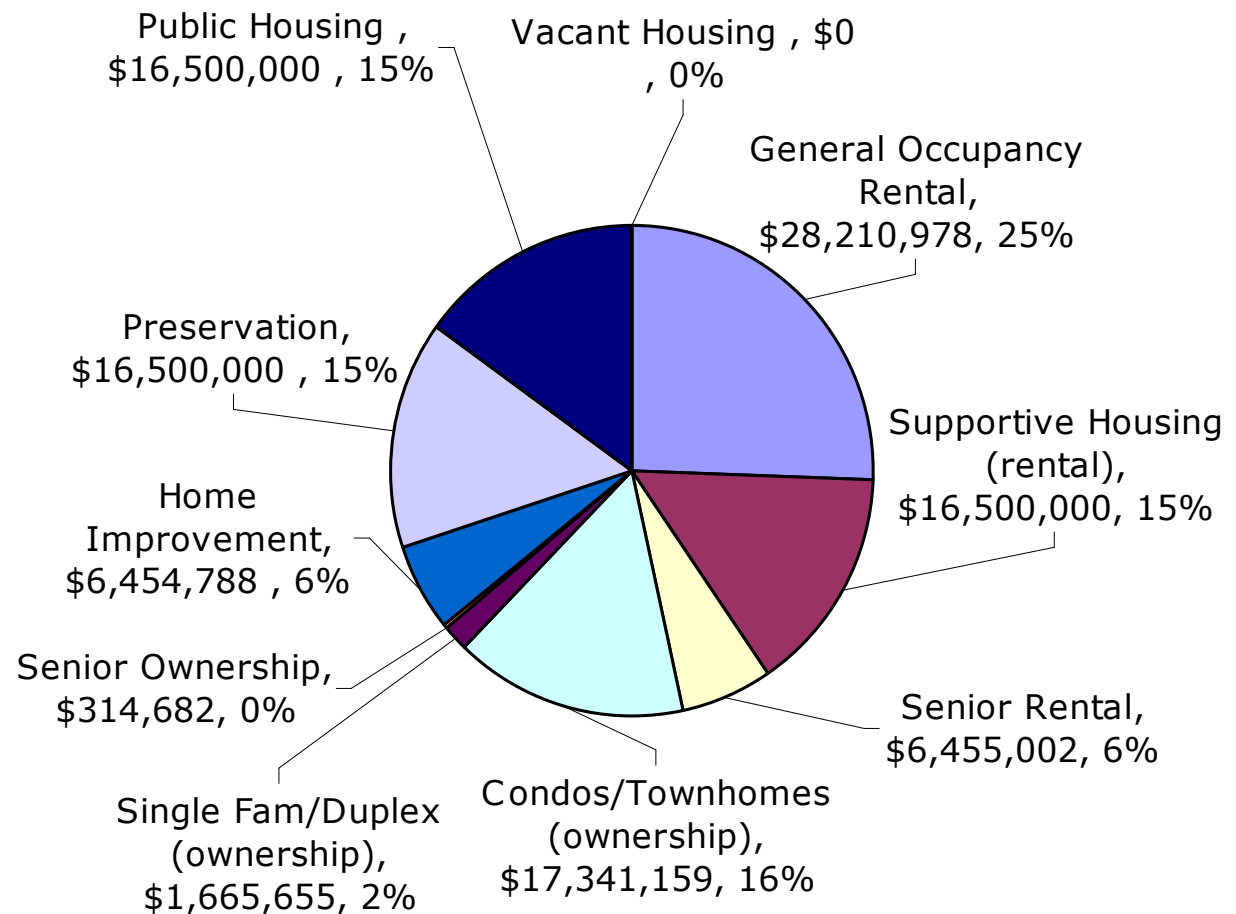
Platform 3. - subsidy

Public Housing, Preservation of Low-Income Rental, and Supportive Housing

New Construction:
\$70.5 million (64% of budget)

Existing Housing Stock:
\$39.5 million (36% of budget)

Total City/HRA Budget:
\$110 million



Platform 3. - units

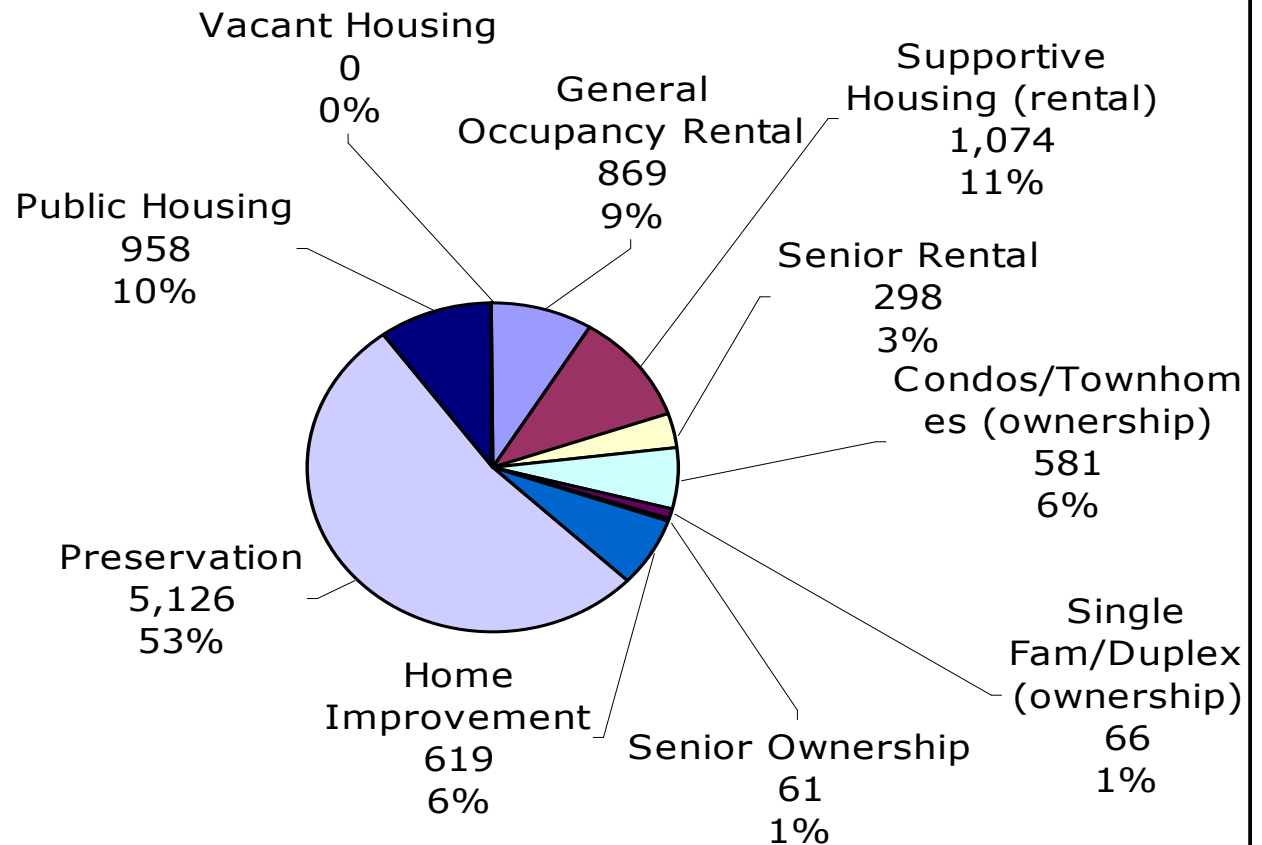
Public Housing, Preservation of Low-Income Rental, and Supportive Housing

Units by Housing Activity, Platform 3

**New
Construction:
2,950 (31% of
units)**

**Existing Housing
Stock: 6,703
(69% of units)**

**Total Units:
9,653**



Alternative Housing Activity Platform 4.

New Construction Ownership Emphasis

-- 25% of this housing budget is dedicated to the New Construction of Single Family/Duplex Homes (for ownership), and 25% is dedicated to Condos/Townhomes (for ownership). The remaining portion of the budget is distributed among the other housing activities in the same proportions as during 2002-2005.

Alternative Housing Activity Platform 4

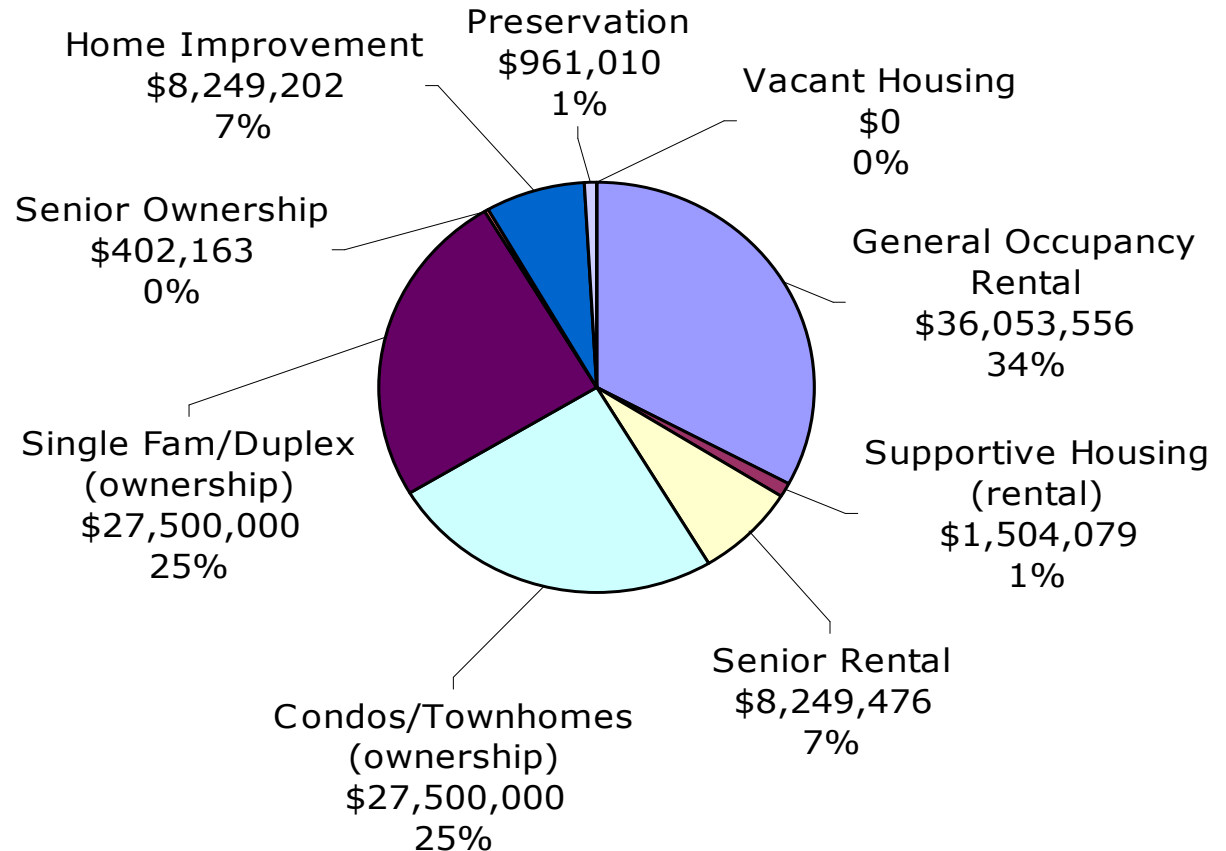
New Construction Ownership Emphasis

City/HRA Subsidy by Housing Activity, Platform 4

New Construction:
\$101 million (92% of budget)

Existing Housing Stock:
\$9 million (8% of budget)

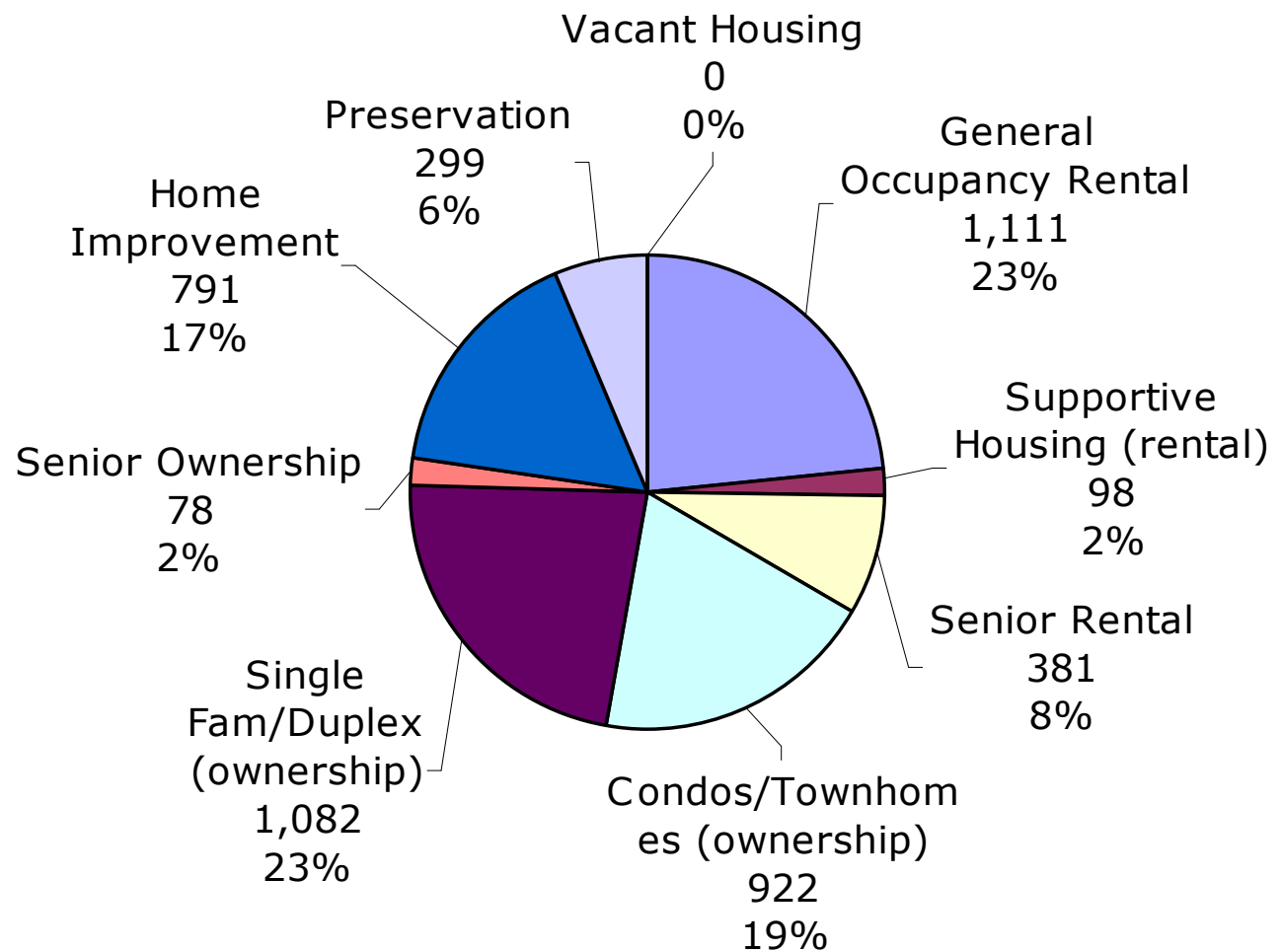
Total City/HRA Budget:
\$110 million



Alternative Housing Activity Platform 4.

New Construction Ownership Emphasis

Units by Housing Activity, Platform 4



New Construction:
3,673 (77% of units)

Existing Housing Stock: 1,089
(23% of units)

Total Units:
4,762

How should the City's housing subsidy be allocated among the various housing activities over next 10 years?

- 1: **New General Occupancy Rental** (60% of budget)
 - 2: **Existing Housing Stock & Neighborhoods** (60% of budget)
 - Rehab, Vacant Housing and Infill
 - 3: **Preserve more Deeply Affordable Rental** (45% of budget, plus 31% general occupancy rental)
 - 4: **New Construction Ownership** (50% of budget, plus 42% new rental)
-
- **Equal** emphases on Single Family Rehab, Low/Moderate Income Rental Housing New Construction, and Preservation of Existing Affordable Multifamily units ?
 - **Prioritize one** of the former ?
 - **Other** proposals on how to allocate housing subsidy?

Discussion on Policies

- **Affordability Policy:**
 - alternative proposals (see next slide)
 - Will the Task Force endorse one of these Affordability policies?
 - The current approach has been to set New Construction goals
 - Should goals be set for Rehab and Preservation as well?

Will the Task Force recommend any of the **proposed Affordability policies**?

- 20% of new ownership should be affordable to 50% of AMI, and 20% of new rental should be at 30%
- 75% of units should be affordable to 80% of AMI
- For units with HRA or City money:
 - 20% total affordable: Ownership should use 80% of AMI; rental should *remain* at 10% at 50% of AMI and 10% at 30% of AMI

OR

- 30% total affordable: Ownership should use 80% of AMI; rental should *become* 10% at 20% of AMI, 10% at 30% of AMI, and 10% at 60% of AMI
- Keep existing policy as is, or other proposals?

Discussion on Policies

- **How to define and “meet new market demand”: Current plan says to produce 300- 400 new units/year (3,000 – 4,000 units in 10 years)**
 - Met. Council projects 7,000 new households in 10 years
 - Central Corridor market study suggests 3,500 new units DT, 3,500 new units on University Avenue
- **Should the plan simply meet Met Council projections?**
- **Should the City push for more growth than this ?**
 - How much of the new household growth will be accommodated by:
 - » corridor housing produced by the market?
 - » currently vacant housing in neighborhoods?
 - » infill housing in the neighborhoods?

Discussion on Policies

- **Preservation of Existing Federally-Assisted Housing:** Current plan says (Strategy 6.3):
 - Continue to partner (MHFA, Met Council, Family Housing Fund) to preserve existing units
 - Support the Public Housing Agency to secure the necessary resources to maintain and modernize its units
 - Link the use of Section 8 subsidies to community-based efforts to improve existing housing and various human service programs

Changes to this general policy? Given the crisis at the Public Housing Agency, how should the plan respond to this?

Discussion on Policies

- **Rental housing production:** Current plan encourages this, saying (Strategy 5.3):
 - Low rental vacancy rate ~2%
 - Few incentives to hold down rents
 - Add to supply of quality rental units to encourage competition among rental properties
 - Encourage workforce housing

Should this policy change? *Think about:*

- Rising rents near Central Corridor; the recent foreclosure crisis across the City; changing demographics (more young households, more empty-nesters and elderly)

If so, how should it change?

Discussion on Policies

- Other existing policies in the plan that you think ought to change?
- New policies to include, not included in the existing plan ?

Thank you for surviving phase 1 !!!

- Meeting topics schedule:
 - **July-August:** Staff drafts plan
 - September 19, 2007 – Task Force Reconvenes
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- September - December: Task Force reviews plan

Questions? Comments?

